

Congress of the United States

House of Representatives

Washington, D.C. 20515

January 26, 1984

**The Honorable Gerald Carmen
Administrator
General Services Administration
Washington, D.C.**

RE: Public Law 98-151

Dear Mr. Carmen:

As you know, we are the primary sponsors of Sec. 118 of P.L. 98-151 concerning increases in moving cost reimbursement for relocated federal employees. We understand that a number of questions have arisen regarding the intent of Congress about this legislation, as well as concerns by individual government agencies and the General Services Administration over our development of and intent in drafting of this legislation.

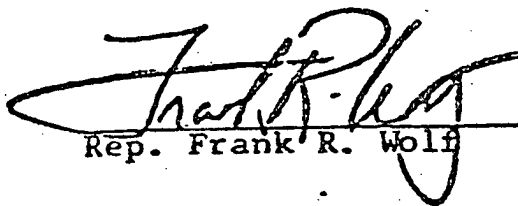
Because there were no committee hearings held or reports released on this legislation, we recognize the difficulty GSA is facing in preparing regulations on this legislation. To facilitate the implementation of this bill, we are including the attached outline to explain the history of our initiative and to share our discussions with the House and Senate leadership concerning the congressional intent of this initiative. We hope this will be helpful to your office in expediting the implementation of this law.

We are also aware of the amount of new authority provided under this law. To accommodate concerns raised by your staff requesting additional time for the effective development of these guidelines, we believe it would be reasonable to extend the 30 day regulatory period provided in the bill until the end of February. This extension applies to all aspects of the statute except provisions regarding the establishment of relocation services. As you will note in the following report, the relocation services section was added to the original bill late in its development. We believe in the best interest of assuring proper interpretation and implementation of the relocation services, the regulations on this portion should be established no later than April 10, 1984. We hope this will be helpful to you.

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We recognize that this report is comprehensive. We will be happy to assist you in any way during the coming weeks in the promulgation of this legislation.

Sincerely,


Rep. Frank R. Wolf


Sen. John Warner

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February 2, 1984

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The enclosed letter from Senator Warner and Congressman Wolf to Gerald Carmen re P.L. 98-151 is sent per our recent conversation. I am sure it will be helpful to you.

I look forward to hearing from you.

Sincerely,

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Enclosure

BACKGROUND:

97th CONGRESS:

In July 1982, Congressman Frank R. Wolf introduced H.R. 7054 (attachment A) to establish more adequate moving expense reimbursement for relocated federal employees. That legislation was cosponsored by Reps. Barnes, Parris, Holt, Hoyer, and Tribble. With the assistance of federal employee organizations, this legislation was drafted with three principle goals:

1) To reduce the number of moves government prescribes for its employees;

2) To increase the rates of reimbursement for personnel in order to retain top quality people who otherwise would leave government service rather than bear the financial burden of government-directed moves; and

3) To fashion the legislation to be incorporated in the Tax Equity and Fiscal Responsibility Act of 1982 being considered at that time.

EXPANSION OF 3 PRINCIPLE GOALS:

REDUCTION OF MOVES: As a former federal employee, Rep. Wolf was familiar with the number of moves government agencies required of civil servants. In many instances, it was found that a large number of employee moves were questionable and not essential to the function and operation of the agency. Because of the stress and disruption, especially to families, caused by relocation, Rep. Wolf wanted to formulate a government relocation policy fairer to the employees involved and to the American taxpayer paying the bills for the moves.

HIGHER REIMBURSEMENT RATES: It was recognized that there are many moves which are essential to the effective and efficient operation of government, particularly in law enforcement agencies such as the FBI, DEA, IRS, Secret Service, Customs and others. Rep. Wolf and Senator Warner were concerned, however, that top qualified special agents were leaving government rather than accepting government directed moves. In several instances, it was found that IRS agents were spending an average of \$8,000 out of their own pockets to subsidize the cost of agency moves. In our opinion such personal expenditures are unfair. To correct that, reimbursement for relocated employees was substantially increased to better compensate employees for their moves.

TEFRA CONNECTION: During the time frame in which we were offering this new moving expense bill, major efforts were under way to attach various tax measures to the Tax

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Equity and Fiscal Responsibility Act of 1982. Because of the new tax portions incorporated in H.R. 7054 which previously were not reimbursed by government for its employees' moves, and because the major tax debate on the TEFRA was under way in Congress, we sought to attach this bill as an amendment to the revenue measure. Our initiation of this idea, however, was too late in being adopted as part of the House bill.

PROVISIONS:

The provisions of this legislation included the following:

Weight limitations: The weight allowances for transfer of household goods are increased from previous limitations of 11,000 lbs. to 18,000 lbs., weights which more adequately reflect actual weight usage and private sector weight allowances.

Temporary Quarters: The length of time that employees can be reimbursed for temporary quarters is increased from 30 days to 60 days, with provision for up to 60 additional days of reimbursement in hardship cases as approved by agency heads. Previous law setting forth graduated daily rates for the period of temporary quarters reimbursement is deleted by this legislation.

Residences --Purchase and Sale Agreements: The legislation amends current rates of reimbursement on the sale and purchase of residences at the old and new stations similar to current GSA regulation. The legislation raises from \$5,000 to \$7,500 (or 5 percent of purchase price) the allowance on the purchase of a new house and retains the current \$15,000 or 10 percent of sale price on the old house. Because of evidence that statutory figures frequently become outdated during periods of high inflation, a new provision is added which would adjust these allowances to the Consumer Price Index. It is intended that these dollar amounts be immediately increased to the maximums allowed by the legislation, rather than phased in over a period of time. The CPI provision was included to allow for needed adjustments. The amounts were intended to be adjusted each October 1 based on this indicator.

Tax Liabilities: Federal, state, or local income taxes incurred by the employee in conjunction with moves directed by the government must now be reimbursed by the agency. Such reimbursement for taxes would bring federal practice into line with the private sector and regulation of this provision should reflect predominant private sector practices. We were informed that the IRS has a formula that is utilized to insure full reimbursement in the private sector and our intent is for the federal government's

relocation tax policies to emulate private sector practices. We believe IRS' informational materials on this aspect of the legislation should be incorporated with GSA's regulatory guidance. As tax returns are filed annually, we intended these tax reimbursements to be made on a tax year basis, i.e. taxes paid for all reimbursements received in a tax year, beginning with 1983.

Agency funding: This legislation does not authorize additional funding to agencies for the implementation of these new rates. The legislation requires that any additional costs incurred by an agency because of these new relocation provisions must be borne by the agency from annual appropriations.

No action was taken on this legislation during the 97th Congress, although comments on the legislation were solicited from House and Senate leadership and White House advisers.

98th Congress:

In August 1983, Rep. Wolf re-introduced the moving expense legislation as H.R. 3852 (attachment B). There were only minor adjustments to the previous 97th Congress measure. These changes included:

- o the extension of coverage under the bill to political appointees (but not including Members of Congress), and

- o the addition of language to require agencies to give an employee a reasonable period of advance notice of transfer (Note: An additional provision was added to the Senate measure relating to notice of transfer which was a part of the final legislation. This will be discussed later).

EXPLANATION OF ADDITIONAL PROVISIONS:

Because of the increased number of moves in recent years which have been directed at serious inconvenience to employees and which have had somewhat questionable motives, we were concerned that agencies were arbitrarily relocating employees for reasons other than for those relevant to efficient operation of the agency. Although we do not wish to interfere with meeting the real demands of agencies in their efforts to staff offices nationwide, we do believe such moves can be prescribed in a fashion which allows the employee a reasonable advance notice period to provide for the least disruption to families.

Recognizing that emergencies do arise and reasonable notice periods are not always possible, the Wolf legislation, H.R. 3852, did not attempt to define "a

reasonable period of advance notice." We want to be clear on our intent, however, that relocation of federal workers and their families is a serious proposition, both for the employee and the agency and for the American taxpayer footing the bill for such moves. Capricious, politically-motivated moves will not be tolerated by a Congress seeking to reduce government waste and abuse.

SENATE ACTION

In September 1983, Senator Warner introduced S. 1879 (attachment C), the Senate counterpart to H.R. 3852, which was identical with only two language changes. These differences were:

- o The repeal of Section 5724(b)(1) which placed restrictions on the mileage reimbursement rates for transport of a house trailer or mobile dwelling, and
- o The addition of the following sentence in Section 5724(j) -- Emergency circumstances shall be taken into account in determining whether the period of advance notice is reasonable.

EXPLANATION OF LANGUAGE CHANGE:

Mileage on Mobile Dwellings: Senator Warner believed the 20¢ per mile limitation is not a reasonable rate for the transport of mobile homes. Automobile travel is reimbursed at the 20¢ per mile rate and a mobile home incurs greater costs to move. The 20¢ per mile restriction is repealed and leaves the determination of a "reasonable allowance" to GSA. It is our intent that GSA will devise a realistic and appropriate rate for reimbursement of mobile home relocation.

Emergency Moves: Because of his experience in government and as former Secretary of the Navy, Senator Warner was aware of the problems generated by government-directed moves of its employees. In some cases, emergencies do arise and immediate relocation of key management and executive personnel is essential. Based on this, Senator Warner felt the Wolf language needed the clarifying sentence with conditions spelled out for emergencies. The intent of both measures is the same, however. We do not want to interfere with the efficient operation and function of government but we are seeking to discourage agencies from using "major moves" as disincentives and penalties for employees who are in disfavor with their superiors.

PASSAGE OF THE LEGISLATION AND DEVELOPMENT OF RELOCATION SERVICES CONCEPT

On October 18, 1983, Rep. Steny Hoyer of Maryland

incorporated House Appropriations Committee views on government moving expense policies in the Committee Report (Report No. 98-417, p. 67 -- attachment D) to the FY'84 Treasury, Postal Service, and General Government Appropriations Bill. On November 9, the provisions of the FY'84 Treasury Appropriations bill (H.R. 4139) were incorporated as an amendment to H.J.Res. 413, the Second Continuing Resolution which passed the House November 10. Late in the evening of November 10, Senator Warner was successful in having the language of S. 1879 adopted as part of the Senate's Second Continuing Resolution. In conference, this item was not brought up under disagreement, and final passage of the conference report was reached in both chambers on November 12.

It should be noted that during the debate on the continuing resolution, several instances of extreme hardship (to the point of bankruptcy) for certain relocated employees were brought to the attention of both Rep. Silvio Conte, ranking minority member of the House Appropriations Committee, and Speaker of the House Thomas P. O'Neill. Speaker O'Neill and Rep. Conte agreed that employee relocation assistance programs were appropriate and approved the inclusion of language establishing relocation services programs in the bill.

At this point, language was drafted to provide relocation services. This change (identified as Section 5724c Relocation Services in the final law) was incorporated as a part of the bill/amendment as offered by Senator Warner on the Senate floor November 10 to the continuing resolution legislation. The amendment passed on a voice vote.

INTENT OF RELOCATION SERVICES

We had been made aware of the practice of some private sector businesses in purchasing the homes of relocated employees. We do not believe government should be in the real estate business and feel services such as the purchase of an employee's residence could be handled by a third party. It was agreed that the government should not become the owner of federal employees' homes. In particular, we believe federal employees should have access to similar relocation services provided postal employees.

As can be noted from the law, our intention is that these services are optional and available to agencies with particular relocation needs. The language is clear that each agency choosing to exercise this option may enter into a contract with a third party relocation services firm. It is our intent that the General Services Administration's role in this portion of the legislation is to provide guidance, but not to provide a centralized service. Because numerous agencies such as the FBI, the IRS, Customs, NRC, and Social Security have their own unique problems with

relocation of employees, we believe the most efficient means for addressing these moves is on an agency-by-agency basis, rather than on a government-wide basis.

Our intent is that various agencies utilizing these services be able to tailor the relocation services contracts to meet their needs and that of their employees, within the bounds of guidance established by GSA. Each agency, under the statute has individual contract authority so that competition would provide the most beneficial service and the best price to the individual agency.

To better understand what private sector services are available and the standard policies widely used, we believe GSA should meet with industry executives to further establish the criteria for relocation services. GSA should also contact the heads of such agencies as the IRS, FBI, and Secret Service who have had a major role in the passage of this legislation in order to adequately identify the real needs of the government's relocated employees.

We want to note at this point that in our early drafting of the "relocation services" aspect of the legislation, we intended for these programs to be available to employees only after a certain period of time during which the employee had tried to sell his home through traditional sources. Our idea was that at some point during the moving process, these services would start, for example, after six weeks to several months. Having discussed this with industry officials, however, this provision may not be the most cost-effective way to handle this aspect of relocation policy. We encourage further exploration of this matter. We do not want to rush into a poorly planned moving policy which places additional burdens on agencies, nor do we want to set unrealistic (non-private sector-based) practices which only cost more money.

GENERAL CONCERNS:

CLARIFICATION OF EFFECTIVE DATE: The legislation is clear that the provisions of Sec. 118 of P.L. 98-151 become effective on the date of enactment -- in this case, November 14, 1983. We would like to clarify that this is an entire change of policy and a departure from past practices. At the point in time when this legislation was enacted, anyone undergoing a move or continuing to incur costs associated with a government-directed move (whether tax-related, unsold home at the old station, or other) would be subject to the new reimbursement rates for costs incurred on or after November 14. We believe the statute is clear on this point.

COVERAGE: The legislation amends Title V which governs the employees and organization of the federal government. We intend that all federal workers including Defense Department civilian employees, foreign service employees,

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and others be covered by the provisions of this Act. The legislation is written so as to apply to all civilian employees. Our desire is that similar provisions can be incorporated for military personnel; however, because we did not want the original legislation to be referred to more than one committee, we drafted the statute as it now appears.

ADDITIONAL QUESTIONS:

We hope we have clarified the background and intent of this legislation. Any further questions should be directed to Sara Boney (Wolf, 225-5136), or Chuck Goodspeed (Warner, 224-2023).